

amount of argument will change the arithmetic of the population of the kids going into our schools. No amount of argument will change the arithmetic of the doubling of our seniors. No amount of argument will change the arithmetic that there are going to be relatively fewer people working while more people draw Social Security and Medicare. No amount of argument will change the arithmetic of the number of teachers who are going to retire. And the truth is that the American people deep down inside sort of sense this.

So yes, I'll veto the tax plan. But let's don't stop with a negative. Let's make something good happen here. This is about something positive. This can be a great thing for America, having all these kids in the schools from all these different backgrounds. They can make us a bigger, stronger, more diverse, richer, more successful country.

But we have to do right by them. We've got to give them a good economy. We've got to make sure that when the baby boomers retire, the parents of these children don't have to spend money that they would otherwise spend educating their children and helping them grow, taking care of their parents because we haven't done right by Social Security and Medicare. And we've got to give them a decent, world-class education. And if we could just go back to arithmetic, we can figure it out.

Now let me tell you what the alternative is. If this tax bill that's just passed, if I said, "Oh, well, they had all these town meetings, and they had all these ads," and, "Oh, the polls have changed," and, "Oh, I better sign it," and "Oh, we had a big celebration here," within fairly short order, we would find the following: Today, we help 12 million kids in poor communities to make more of their education. If the tax plan passes, over the new few years, we'd have to tell 6 million of them we couldn't do it anymore. Today, we help a million children learn to read independently by the third grade. If the plan passes, we'd have to tell more than half of them we couldn't help them anymore. Today, we're nearing our goal of enrolling a million preschoolers in Head Start. If the plan were to pass, we'd have to turn over 400,000 away.

Compared to our proposal, this tax plan would mean to those already in school—never mind the ones that are coming, already in school—larger classes, fewer teachers, more trailers. That's what it means. Sounds like a country song, doesn't it? *[Laughter]* Larger classes, fewer teachers, more trailers. *[Laughter]* I like country music, but we can do better than that. *[Laughter]*

So again I say, let's put first things first. Let's decide—before we do the tax cut, let's decide what we have to do as a nation to be a great nation. Let's decide what it takes to take care of the aging of America, so the children of the baby boomers don't have to take funds away from raising their grandchildren; to save Social Security and Medicare. Let's decide what it takes, in addition to the surplus generated by Social Security taxes, to just get us out of debt in the next several years, to guarantee a whole generation of lower interest rates and higher economic growth. Let's decide what we have to do to give our children a world-class education.

Then let's put that against the projected surplus—and I emphasize the word "projected"—and string all those numbers out for 10 years, along with whatever we think we have to do for our farmers, who are getting killed out there in this very difficult international market; what we have to do for medical research; what it takes to protect the environment; and subtract from the projected surplus those things, after which there will be a number. Let's give that number back to the American people in a tax cut. And you know, since it's 10 years and it's projected, maybe there's some little play one way or the other but not a lot.

Now, ironically, the tax cut I proposed gives about the same dollar benefits to the middle class as the one that the Congress passed. People in my income group wouldn't get anything out of it, but people in my income group, by and large, and higher, have done pretty well in this economy, in this stock market, and care far more about keeping interest rates down and economic growth going, because they know they'll do well.

The only other thing that I think is very important is, I think that my new markets tax cuts ought to pass, because I think we

ought to give investors the same incentives to invest in poor areas in America we give them to invest in poor areas around the world now, from the Caribbean to Latin America to Africa to Asia, so that we can keep economic growth going by bringing economic opportunity to the communities that haven't had it yet and to the people who haven't had it yet.

We can do this if we go back to priorities and arithmetic. What's the most important thing? A time like this comes along once in a generation. People my age, to 10 or 15 years older than me, to 20 years younger than me, they've never known anything like this. Never have we had an opportunity like this.

And with our children going back to school, with more of them than ever, with the educational needs crying out there—and, I might add, one thing that Secretary Riley didn't say, to toot his own horn and the horn of these educators back here and all the rest of you, is that we now know what works. The test scores are going up. We're learning how to educate this incredibly diverse group of kids. And if we make the right investments in the right way, we can get the right results.

So again I say, let's have the right priorities. Let's make an "A" in arithmetic. Let's think about the 21st century and all these children. We'll make the right decisions.

Thank you very much

NOTE: The President spoke at 1:10 p.m. in Presidential Hall (formerly Room 450) in the Old Executive Office Building. In his remarks, he referred to Wendell Greer, principal, Manual Arts High School, Los Angeles, CA, who introduced the President.

Letter to Congressional Leaders Transmitting a Report on Cyprus

August 19, 1999

Dear Mr. Speaker: (Dear Mr. Chairman:)

In accordance with Public Law 95-384 (22 U.S.C. 2373(c)), I submit to you this report on progress toward a negotiated settlement of the Cyprus question covering the period April 1, 1999, to May 31, 1999. The previous submission covered events during February 1999 and March 1999.

NATO's 50th Anniversary Summit in Washington this past April brought an opportunity to engage with Greek and Turkish leaders on the Cyprus problem. I met there with Turkish President Demirel and Greek Prime Minister Simitis to underscore the importance of a just and lasting solution for all Cypriots. Secretary of State Madeleine K. Albright delivered a similar message to her Greek and Turkish counterparts in discussions on the possibilities for resuming negotiations in the fall. My Administration will continue efforts to bring about a settlement based on a bizonal, bicomunal federation.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to J. Dennis Hastert, Speaker of the House of Representatives, and Jesse Helms, chairman, Senate Committee on Foreign Relations. This letter was released by the Office of the Press Secretary on August 20.

Statement on the Federal Budget Surplus

August 20, 1999

Today I am pleased to announce that we are on track to reach the largest annual budget surplus ever. Thanks to solid fiscal discipline, the surplus at this point in the fiscal year is \$69.1 billion, the largest in history over a comparable period and more than \$20 billion over last year's level.

When I came into office just over 6 years ago, our Nation was burdened by a staggering \$290 billion deficit that was projected to reach over \$400 billion by this fiscal year. The Vice President and I, working with Congress, set this country on a new course of fiscal discipline, enacting two strong budget packages in 1993 and 1997. As a result, we have begun to pay down the Nation's debt. By the end of this fiscal year we expect to have achieved a \$142 billion reduction in publicly held debt over the last 2 years. The debt is now \$1.7 trillion less than was projected in 1993 when President Clinton took office.

Fiscal responsibility and resulting debt reduction lowers long-term interest rates for home mortgages, autos, and student loans. It also lowers borrowing costs for businesses,